

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 TRSE-00 OMB-01 INR-04 NSC-05
EB-04 NSAE-00 CIAE-00 SP-02 L-01 /040 W
-----030318 061003Z /13
R 052219Z MAY 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 7320

C O N F I D E N T I A L OTTAWA 02315

LIMDIS

PASS TREASURY FOR SYVRUD, FRB

E.O. 11652: GDS
TAGS: EFIN, CA
SUBJECT: TERMS OF LATEST STANDBY CREDIT FOR CANADA

REF: OTTAWA 2218

1. ACCORDING TO DEPARTMENT OF FINANCE, STANDBY CREDIT
FOR CANADIAN GOVERNMENT BY BANKS LED BY CITICORP WILL BE:

A. AN INTEREST RATE FOR FUNDS DRAWN DOWN WHICH WILL BE
THE AVERAGE OF THE PRIME RATES AT THE TIME OF DRAWDOWN
OF U.S. BANKS TAKING PART IN THE CONSORTIUM. ONCE
AVERAGE IS DETERMINED, ALL BANKS WILL BE PAID THAT RATE.

B. A STANDBY FEE OF ONE QUARTER OF ONE PERCENT PER YEAR
OF THE UNDRAWN BALANCE. HOWEVER, IF FUNDS ARE
DRAWN DOWN DURING A YEAR THERE WILL BE AN EXTRA ONE QUAR-
TER OF ONE PERCENT ADDED TO THE STANDBY FEE FOR THAT YEAR.
FINANCE STATES THIS IS BECAUSE THE NORMAL STANDBY FEE IN
THE U.S. IS ONE HALF OF ONE PERCENT.

2. DETAILS ABOVE ARE OF COURSE KNOWN TO BANKS INVOLVED,
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BUT WILL NOT BE MADE PUBLIC UNTIL FULL AGREEMENT ANNOUNCED,
NOW EXPECTED FOR MAY 24.

3. ACCORDING TO FINANCE, OUTLINE OF THIS STANDBY AGREEMENT
WAS DISCUSSED BY DEPUTY FINANCE MINISTER HOOD AND BANK
OF CANADA GOVERNOR BOUEY WITH U.S. TREASURY AND FEDERAL
RESERVE OFFICIALS IN THE COURSE OF DISCUSSING ARRANGEMENTS

FOR 1.5 BILLION DM LOAN (OTTAWA 2218). ENDERS

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NNN

Message Attributes

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